



Pennsylvania Environmental Council

30 December 2005

Honorable Michael Johanns
Secretary, USDA
1400 Independent Avenue, SW
Washington, DC 20250

Dear Secretary Johanns:

Please find attached the comments of the Pennsylvania Environmental Council on the 2007 Farm Bill. The Pennsylvania Environmental Council has a long history of working with agriculture interests to improve environmental quality in the Commonwealth. We have created several programs that have enabled us to work with our partners in the farm community to implement best management practices and to develop Pennsylvania's first nutrient trading program in the Conestoga Watershed in Lancaster County.

Please find attached our preliminary comments on how the 2007 Farm Bill may be improved. If you have any questions, do not hesitate to call me at (717) 230-8044.

Sincerely,

Brian J. Hill
Interim President and CEO

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Pennsylvania Environmental Council
2007 Farm Bill
Comments
December 30, 2005

The Pennsylvania Environmental Council is pleased to have this opportunity to comment on the 2007 Farm Bill, because the legislation has the potential to benefit land use and water quality in the Commonwealth for years to come. However, this is only possible if Congress places Pennsylvania's agricultural interests on an even footing with other states, and increases federal commitment to agricultural conservation programs. With over 58,000 farms, 84,000 jobs, 7.7 million working acres, and \$2.1 billion in total value of farm production, the Commonwealth's economy relies heavily on one of its largest industries. On a related note, fifty-nine percent of the state is forested with a majority of that land owned by individual property owners. The state's forest products industry employs 85,000 workers with a payroll of nearly \$2.9 billion. As a result, agriculture and timbering define much of Pennsylvania's existing land use and are major economic drivers in the state. Agriculture also comprises the largest source of impacts to water quality in the state.

The Pennsylvania Environmental Council is committed to partnering with agricultural, timber, and community interests to provide for the conservation of the Commonwealth's working farms and forests. Through a variety of projects including the Highlands Project in eastern Pennsylvania, the implementation of Best Management Projects in western Pennsylvania, the implementation of nutrient trading programs in the Chesapeake Bay drainage, and community and economic development planning throughout the state, including York County as well as the areas of Somerset and Cambria counties surrounding the Flight 93 Memorial site – the Pennsylvania Environmental Council sees the importance of sustaining our farm and timber lands.

With this as background, we present the following comments on the 2007 Farm Bill.

Spending needs to be more equitably appropriated.

One example of the inequities in the existing program is how farmers in the Chesapeake Bay watershed and other parts of the state do not receive their fair share of funding from the federal Farm Bill. Currently, these farmers receive an average of only four cents of federal agricultural funding for every dollar in agricultural production. The national average is fifty percent higher at six cents per dollar. In some states, such as North Dakota, farmers receive more than three times as much.

Conservation spending represents only \$3.8 billion of the more than \$29 billion in total Farm Bill payments to farmers in 2005. The majority of the \$29 billion compensates for low market prices of certain commodities such as corn, wheat and cotton, but not the fruits and vegetables grown on many farms in Pennsylvania. On a related note, on December 19, 2005, Preservation Pennsylvania listed the fruit farms of Adams County in southcentral Pennsylvania on the list of the state's most threatened landscapes.

The 2007 Farm Bill must more equitably provide funds across the nation and across types of commodities. It must also shift its emphasis from support payments for the production of a few commodity crops to a conservation-based incentive system that rewards all producers for the environmental benefits they can produce.

Farm program payments should also equitably support all producers, with effective payment limits that will prevent a minority of very large operations from receiving the majority of limited funds.

Conservation programs must be part of a farm policy that does more to keep farm and forestry practices economically viable as well as environmentally sustainable.

Expanding and improving voluntary conservation incentives programs in the next farm bill can and should help farmers and forest landowners keep their operations viable, while also resulting in real environmental improvements. It can do this by recognizing that farmers and forest landowners produce more than food and fiber – they also produce measurable environmental benefits.

However, meeting the nation's environmental challenges and improving the economic bottom line of many more farmers and forest landowners requires a significant new investment of public dollars. We propose doubling current conservation spending in the next farm bill.

Conservation programs must encourage and reward "cooperative conservation."

All conservation programs included in the 2007 Farm Bill should be structured to ensure that funding is targeted to cooperative projects involving various stakeholders (federal, state, and local governments, public interest groups and private landowners) dedicated to achieving specific goals with respect to identified resource concerns. For example, the 2007 Farm Bill might:

- Revise and expand the Partnerships and Cooperation section of the 2002 Farm Bill.

- Reform the Environmental Quality Improvement Projects ("EQIP") to promote cooperative projects involving multiple producers. The promotion of cooperative projects – for example, projects involving a majority of producers in an impaired watershed – will improve targeting of EQIP dollars to achieve real progress, particularly in addressing water quality.

The goal of encouraging and rewarding cooperation could be accomplished by bill language requiring that cooperative projects receive more weight in EQIP ranking systems, and/or by modifying national allocation criteria to award additional funding to states that do the best job of promoting cooperative projects through EQIP.

Conservation programs must reward and encourage innovation.

In addition to providing cost-share and incentive payments to farmers who can reduce environmental impacts using well-tried, traditional structural or management practices, it is critical that conservation programs be implemented in a way that encourages and rewards innovative approaches such as advanced, state-of-the-art manure management or pest management systems. In doing this, it is critical that conservation programs focus not just on approaches that may be effective for larger producers, but also on those that are feasible for small and/or limited resource producers who make up the vast majority of farms in Pennsylvania. The 2007 Farm Bill might:

- Reform EQIP to promote innovative proposals. Again, this could be accomplished by bill language requiring that innovative projects receive more weight in EQIP ranking systems, and/or by modifying national allocation criteria to award additional funding to states that do the best job of promoting innovation through EQIP.
- Move toward a performance-based, rather than practice-based, approach in all conservation programs. Prescribing specific practices inhibits innovation. By instead rewarding a farmer for higher and higher levels of environmental performance – for example, providing increased payments the more a farmer reduces nutrient losses to the environment – we can focus on outcomes and let the farmer find the most efficient and effective way to achieve those outcomes.
- Reform Conservation Security Program (“CSP”) to ensure that payments are based on the level of environmental performance.
- Reform the Wildlife Habitat Improvement Projects program (“WHIP”) to provide additional funding to states that demonstrate actual success in recovering populations of state or federally listed species and/or other species of concern.

Conservation programs must be better targeted to solve water quality problems.

The 2007 Farm Bill might:

- Ensure that EQIP funding is effectively targeted to areas with water quality problems resulting in regulatory pressures and/or watersheds where groups of producers are seeking to coordinate efforts to achieve real improvements in water quality within the watershed. This outcome could be accomplished by bill language requiring that state EQIP ranking systems are effective in prioritizing and addressing specific resource concerns, in rewarding cooperative efforts, and in rewarding the highest levels of environmental performance.
- Reform the way offers are accepted through Conservation Reserve Program (“CRP”) general signups to ensure that those offers promising the most improvement to water quality are accepted. This may mean revising the

Environmental Benefits Index ("EBI") so that offers are scored according to how well they address one of the program's three goals (rather than requiring each offer to address all three) and location is given appropriate consideration (e.g., an offered parcel's ability to filter runoff from adjoining lands). It may also mean incorporating better ways to recognize priority enrollments identified at the state or regional level.

- Reinvigorate, promote and potentially expand continuous enrollment under CRP, particularly enrollments designed to achieve measurable water quality improvements.

Conservation programs must do more to promote healthy forestland.

The 2002 Farm Bill did not provide sufficient incentives to forest landowners to improve stewardship. Resources available for forest landowners in the 2007 Farm Bill should increase from about \$20 million annually to more than \$100 million annually. Specifically, the 2007 Farm Bill might:

- Increase the percentage of EQIP dollars flowing to forest landowners who improve environmental performance, possibly through a subprogram targeted to forests, or a set-aside of a certain percentage of EQIP dollars for practices on non-industrial private forestland each year.
- Ensure that CSP does more to reward and encourage conservation measures on forestland.
- Ensure adequate funding for the Healthy Forest Reserve Program, which has the potential to provide a huge boost to endangered species conservation on private forestland.
- Expand the Forestry Legacy Program to assist property owners with protecting environmentally sensitive forest lands and habitats.

In conclusion, the Pennsylvania Environmental Council is keenly aware of the impacts that conservation aspects of the 2007 Farm Bill can have on the land use and water quality of the Commonwealth. Working together, we all have the opportunity to conserve, restore and enhance not only the quality of our environment, but also the viability and sustainability of our agricultural economy. To do this we must include meaningful, integrated conservation programs, such as those outlined above, in and/or expanded upon in the 2007 Farm Bill, and we must provide adequate funding to ensure that those programs can be deployed in an effective manner. Thank you for this opportunity to provide comments on these important topics. We will follow the progress of the 2007 Farm Bill closely.

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